We focused on the financial management of the MILL and the fund, processes for prioritising and selecting programs funded from the fund, project management and outcomes of funding.

Conclusion

While we found that MILL distributions to environmental agencies and the transfer of the remaining balance to the fund accord with the Act, there is a potential risk that the MILL, and the fund, are not always used for their intended purposes, and that activities that receive fund monies are not achieving the legislative objectives of better waste management, reduced greenhouse gases or effective adaptations to climate change. This is because:

- there is no process to ensure that agencies that receive MILL funding under section 70E(3)(d) of the Act spend this money in line with legislative objectives
- committee advice to government on the eligibility and merit of proposals to fund is incomplete and inconsistent, limiting the ability of the minister to make informed decisions that allow full comparison between competing proposals
- the construct of the committee, which includes senior staff of DELWP—the main funding beneficiary—creates an inherent conflict of interest
- the lack of a formal process to ensure the committee considers proposals by departments other than DELWP, or that change significantly after feedback from the Expenditure Review Sub-Committee (ERSC), means proposals can bypass the requirement for committee assessment, as occurred in 2017–18
- there is a significant lack of evaluation of funded activities and public reporting on fund outcomes.

DELWP recognises these design and implementation issues and has taken steps to resolve them, such as ensuring all 2018–19 proposals to the fund received committee appraisal; establishing an evaluation framework; and releasing an activity report in May 2018 and committing to its annual publication. The minister has also recently approved changing the membership of the committee to make it fully independent.

These developments if sustained will help foster greater public trust and confidence in the rationale for the fund and the ability of DELWP to administer it effectively.

However, a significant proportion of funds have remained unspent over many years, representing an opportunity cost. The 2016–17 and 2017–18 State Budget (Budget) commitments will only reduce the balance of the fund in the short term. If the situation persists, where significant fund balances remain unspent over extended periods, the public may by extension, reasonably question the quantum of the charge on every tonne of waste that goes to landfill.